

REQUIRED SUPPLEMENTARY INFORMATION



Schedule of Funding Progress Employee Retirement Systems and Plans

(amounts expressed in thousands)	Primary Government	-----Discretely Presented Component Unit-----					
	SPRF	PERF -State	PERF-Municipal	ECRF	JRS	PARF	LRS
Valuation Date: July 1, 2007							
Actuarial value of assets	\$ 371,918	*	*	*	*	*	*
Actuarial accrued liability (AAL)	413,969	*	*	*	*	*	*
Excess of assets over (unfunded) AAL	(42,051)	*	*	*	*	*	*
Funded ratio	90%	*	*	*	*	*	*
Covered payroll	59,863	*	*	*	*	*	*
Excess (unfunded) AAL as a percentage of covered payroll	-70%	*	*	*	*	*	*
Valuation Date: July 1, 2006							
Actuarial value of assets	\$ 339,122	2,169,619	2,838,329	48,496	178,276	20,053	4,721
Actuarial accrued liability (AAL)	392,810	2,210,377	3,072,141	64,765	272,997	29,184	5,232
Excess of assets over (unfunded) AAL	(53,687)	(40,757)	(233,812)	(16,269)	(94,721)	(9,130)	(511)
Funded ratio	86%	98%	92%	75%	65%	69%	90%
Covered payroll	54,156	1,592,207	2,729,929	14,892	34,065	19,225	**
Excess (unfunded) AAL as a percentage of covered payroll	-99%	-3%	-9%	-109%	-278%	-47%	**
Valuation Date: July 1, 2005							
Actuarial value of assets	\$ 317,837	\$ 2,145,805	\$ 2,641,536	\$ 41,663	\$ 151,003	\$ 16,875	\$ 4,338
Actuarial accrued liability (AAL)	390,480	2,189,337	2,984,254	59,964	272,855	25,744	4,999
Excess of assets over (unfunded) AAL	(72,643)	(43,532)	(342,718)	(18,301)	(121,852)	(8,869)	(661)
Funded ratio	81%	98%	89%	69%	55%	66%	87%
Covered payroll	53,897	1,645,248	2,672,619	13,223	32,231	16,659	**
Excess (unfunded) AAL as a percentage of covered payroll	-135%	-3%	-13%	-138%	-378%	-53%	**
Valuation Date: July 1, 2004							
Actuarial value of assets	\$ 311,707	\$ 2,138,655	\$ 2,507,186	\$ 38,772	\$ 135,798	\$ 14,654	\$ 4,206
Actuarial accrued liability (AAL)	378,770	2,019,492	2,624,061	50,009	209,992	22,588	4,856
Excess of assets over (unfunded) AAL	(67,063)	119,163	(116,875)	(11,237)	(74,194)	(7,934)	(650)
Funded ratio	82%	106%	96%	78%	65%	65%	87%
Covered payroll	53,095	1,612,049	2,586,380	10,209	25,693	15,149	**
Excess (unfunded) AAL as a percentage of covered payroll	-126%	7%	-5%	-110%	-289%	-52%	**
SPRF - State Police Retirement Fund PERF - Public Employees' Retirement Fund ECRF - Excise Police, Gaming Agent and Conservation Enforcement Officers' Retirement Fund (Administered by the PERF board of trustees) JRS - Judges' Retirement System (Administered by the PERF board of trustees) PARF - Prosecuting Attorneys' Retirement Fund (Administered by the PERF board of trustees) LRS - Legislators' Retirement System (Administered by the PERF board of trustees)							
* Information not available							
** The benefit formula is determined based on service rather than compensation. The unfunded liability is expressed per active participant and there are 46 active participants. The unfunded liability per active participant is \$11,106							

Budgetary Information

The Governor submits a budget biennially to be adopted by the General Assembly for the ensuing two-year period. The budget covers the general fund and most special revenue funds, but excludes the Armory Board and the Recreation funds at State institutions. The General Assembly enacts the budget through passage of specific appropriations, the sum of which may not exceed estimated revenues. Appropriations for programs funded from special revenue funds may allow expenditures in excess of original appropriations to the extent that revenues collected exceed estimated revenues.

The original budget is composed of the budget bill and continuing appropriations. The budget bill is enacted as the Appropriations Act that the Governor may veto, subject to legislative override. Continuing appropriations report budgeted expenditures as equal to the amount of revenues received during the year plus any balances carried forward from the previous year as determined by statute. Except as specifically provided by statute, appropriations or any part thereof remaining unexpended and unencumbered at the close of any fiscal year will lapse and be returned to the fund from which it was appropriated.

The final budget is composed of budgeted amounts as adopted and as amended by supplemental appropriations or appropriation transfers that were necessary during the current year. The State Board of Finance, which consists of the Governor, Auditor of State and Treasurer of State, is empowered to transfer appropriations from one fund of the State to another, with the exception of trust funds. The State Budget Agency may transfer, assign, and reassign almost any appropriation, except those restricted by law; but only when the uses and purposes of the funds concur. Excess general fund revenue is used to cover non-budgeted recurring expenditures and overdrafts of budgeted amounts at the end of the current year. Capital appropriations are initially posted to general government. As projects are approved by the State Budget Committee the appropriations are transferred to the function of government from which they are disbursed. In addition, expenditures under many federal grants are required to be spent before they are reimbursed by the federal government. These actions are considered supplemental appropriations; therefore, expenditures do not exceed appropriations for individual funds.

The legal level of budgetary control (the level on which expenditures may not legally exceed appropriations) is maintained at the fund level by the State Budget Agency. When budgets are submitted for each fund center, certain recurring expenditures are not budgeted (medical service payments, unemployment benefits, tort claims) according to instructions from the State Budget Agency to the various agencies. The Budget Agency monitors all fund centers regularly in addition to monitoring excess general fund revenue that will be available at the end of the fiscal year to cover the non-budgeted, recurring expenditures.

State of Indiana
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
Major Funds (Budgetary Basis)
For the Year Ended June 30, 2007
(amounts expressed in thousands)

	General Fund			Variance to Final Budget
	Budget		Actual	
	Original	Final		
Revenues:				
Taxes:				
Income	\$ 4,775,029	\$ 4,775,029	\$ 5,503,920	\$ 728,891
Sales	2,703,348	2,703,348	2,631,021	(72,327)
Fuels	-	-	-	-
Gaming	4	4	87,950	87,946
Inheritance	120,000	120,000	150,284	30,284
Alcohol and tobacco	307,824	307,824	323,137	15,313
Insurance	175,700	175,700	190,811	15,111
Other	82	82	202,842	202,760
Total taxes	<u>8,081,987</u>	<u>8,081,987</u>	<u>9,089,965</u>	<u>1,007,978</u>
Current service charges	145,085	145,085	197,684	52,599
Investment income	54,024	54,024	161,216	107,192
Sales/rents	5,895	5,895	1,512	(4,383)
Grants	-	-	16,220	16,220
Other	13,136	13,136	68,010	54,874
	<u>8,300,127</u>	<u>8,300,127</u>	<u>9,534,607</u>	<u>1,234,480</u>
Expenditures:				
Current:				
General government	727,668	1,208,444	1,130,149	78,295
Public safety	683,754	624,034	618,325	5,709
Health	92,553	86,620	85,679	941
Welfare	2,459,542	324,767	315,753	9,014
Conservation, culture and development	103,285	129,494	86,001	43,493
Education	6,184,933	6,243,909	6,231,453	12,456
Transportation	465	2,387	1,231	1,156
	<u>10,252,200</u>	<u>8,619,655</u>	<u>8,468,591</u>	<u>151,064</u>
Excess of revenues over (under) expenditures	(1,952,073)	(319,528)	1,066,016	(1,385,544)
Other financing sources (uses):				
Total other financing sources (uses)	<u>(526,904)</u>	<u>(526,904)</u>	<u>(845,686)</u>	<u>(318,782)</u>
Net change in fund balances	<u>\$ (2,478,977)</u>	<u>\$ (846,432)</u>	<u>\$ 220,330</u>	<u>\$ 1,066,762</u>
Fund balances July 1, as restated			<u>1,564,455</u>	
Fund balances June 30			<u>\$ 1,784,785</u>	

Motor Vehicle Highway Fund				Medicaid Assistance			
Budget		Actual	Variance to Final Budget	Budget		Actual	Variance to Final Budget
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
494,061	494,061	324,689	(169,372)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	172,828	172,828	-	-	-	-
494,061	494,061	497,517	3,456	-	-	-	-
63,542	63,542	136,882	73,340	-	-	-	-
-	-	-	-	-	-	-	-
393	393	7	(386)	-	-	-	-
14,434	14,434	11,185	(3,249)	3,375,051	3,375,051	3,764,495	389,444
60,351	60,351	37,613	(22,738)	9,344	9,344	10,859	1,515
632,781	632,781	683,204	50,423	3,384,395	3,384,395	3,775,354	390,959
12,086	374,101	299,102	74,999	-	28	28	-
190,904	193,161	193,161	-	-	-	-	-
-	1	1	-	-	-	-	-
-	-	-	-	-	5,492,717	5,481,569	11,148
-	-	-	-	-	-	-	-
273	259	259	-	-	-	-	-
-	2,251	2,251	-	-	-	-	-
203,263	569,773	494,774	74,999	-	5,492,745	5,481,597	11,148
429,518	63,008	188,430	(125,422)	3,384,395	(2,108,350)	(1,706,243)	(402,107)
(141,348)	(141,348)	(182,192)	(40,844)	1,531,121	1,531,121	1,718,952	187,831
<u>\$ 288,170</u>	<u>\$ (78,340)</u>	<u>\$ 6,238</u>	<u>\$ 84,578</u>	<u>\$ 4,915,516</u>	<u>\$ (577,229)</u>	<u>\$ 12,709</u>	<u>\$ 589,938</u>
		59,465				34,636	
		<u>\$ 65,703</u>				<u>\$ 47,345</u>	

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State of Indiana
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
Major Funds (Budgetary Basis)
For the Year Ended June 30, 2007
(amounts expressed in thousands)

	Major Moves Construction Fund			
	Budget		Actual	Variance to Final Budget
	Original	Final		
Revenues:				
Taxes:				
Income	\$ -	\$ -	\$ -	\$ -
Sales	-	-	-	-
Fuels	-	-	-	-
Gaming	-	-	-	-
Inheritance	-	-	-	-
Alcohol and tobacco	-	-	-	-
Insurance	-	-	-	-
Other	-	-	-	-
Total taxes	-	-	-	-
Current service charges	-	-	-	-
Investment income	-	-	128,131	128,131
Sales/rents	-	-	-	-
Grants	-	-	-	-
Other	-	-	3,117,520	3,117,520
Total revenues	-	-	3,245,651	3,245,651
Expenditures:				
Current:				
General government	-	280,094	-	280,094
Public safety	-	-	-	-
Health	-	-	-	-
Welfare	-	-	-	-
Conservation, culture and development	-	-	-	-
Education	-	-	-	-
Transportation	-	-	355,094	(355,094)
Total expenditures	-	280,094	355,094	(75,000)
Excess of revenues over (under) expenditures	-	(280,094)	2,890,557	(3,170,651)
Other financing sources (uses):				
Total other financing sources (uses)	(187,665)	(187,665)	(187,665)	-
Net change in fund balances	\$ (187,665)	\$ (467,759)	\$ 2,702,892	\$ 3,170,651
Fund balances July 1, as restated			-	
Fund balances June 30			\$ 2,702,892	

State Highway Department				Property Tax Replacement Fund			
Budget		Actual	Variance to Final Budget	Budget		Actual	Variance to Final Budget
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	2,568,184	2,568,184	2,662,398	94,214
-	-	1	1	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	1	1	2,568,184	2,568,184	2,662,398	94,214
14,521	14,521	12,216	(2,305)	-	-	-	-
209	209	300	91	-	-	-	-
2,082	2,082	1,382	(700)	-	-	-	-
583,462	583,462	829,993	246,531	-	-	-	-
76,597	76,597	85,855	9,258	-	-	-	-
<u>676,871</u>	<u>676,871</u>	<u>929,747</u>	<u>252,876</u>	<u>2,568,184</u>	<u>2,568,184</u>	<u>2,662,398</u>	<u>94,214</u>
-	-	-	-	-	2,233,762	2,233,762	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,164,572	1,482,295	1,516,759	(34,464)	-	-	-	-
<u>1,164,572</u>	<u>1,482,295</u>	<u>1,516,759</u>	<u>(34,464)</u>	<u>-</u>	<u>2,233,762</u>	<u>2,233,762</u>	<u>-</u>
(487,701)	(805,424)	(587,012)	(218,412)	2,568,184	334,422	428,636	(94,214)
485,393	485,393	694,173	208,780	(525,907)	(525,907)	(429,071)	96,836
<u>\$ (2,308)</u>	<u>\$ (320,031)</u>	<u>\$ 107,161</u>	<u>\$ 427,192</u>	<u>\$ 2,042,277</u>	<u>\$ (191,485)</u>	<u>\$ (435)</u>	<u>\$ 191,050</u>
		379,385				3,954	
		<u>\$ 486,546</u>				<u>\$ 3,519</u>	

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State of Indiana
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
Major Funds (Budgetary Basis)
For the Year Ended June 30, 2007
(amounts expressed in thousands)

	Tobacco Settlement Fund			
	Budget		Actual	Variance to
	Original	Final		Final Budget
Revenues:				
Taxes:				
Income	\$ -	\$ -	\$ -	\$ -
Sales	-	-	-	-
Fuels	-	-	-	-
Gaming	-	-	-	-
Inheritance	-	-	-	-
Alcohol and tobacco	-	-	-	-
Insurance	-	-	-	-
Other	-	-	-	-
Total taxes	-	-	-	-
Current service charges	119,346	119,346	124,914	5,568
Investment income	294	294	4,932	4,638
Sales/rents	-	-	-	-
Grants	247	247	196	(51)
Other	1,571	1,571	90	(1,481)
Total revenues	121,458	121,458	130,132	8,674
Expenditures:				
Current:				
General government	-	13,963	13,963	-
Public safety	-	-	-	-
Health	-	28,953	28,953	-
Welfare	-	-	-	-
Conservation, culture and development	-	145	145	-
Education	-	-	-	-
Transportation	-	-	-	-
Total expenditures	-	43,061	43,061	-
Excess of revenues over (under) expenditures	121,458	78,397	87,071	(8,674)
Other financing sources (uses):				
Total other financing sources (uses)	(127,381)	(127,381)	(124,386)	2,995
Net change in fund balances	\$ (5,923)	\$ (48,984)	\$ (37,315)	\$ 11,669
Fund balances July 1, as restated			172,602	
Fund balances June 30			\$ 135,287	

Budget/GAAP Reconciliation Major Funds

The cash basis of accounting (budgetary basis) is applied to each budget. The budgetary basis differs from GAAP. The major differences between budgetary (non-GAAP) basis and GAAP basis are:

(amounts expressed in thousands)	GENERAL FUND	MOTOR VEHICLE HIGHWAY FUND	MEDICAID ASSISTANCE	MAJOR MOVES CONSTRUCTION FUND	STATE HIGHWAY DEPARTMENT	PROPERTY TAX RELIEF FUND	TOBACCO SETTLEMENT FUND	Total
Net change in fund balances (budgetary basis)	\$ 220,330	\$ 6,238	\$ 12,709	\$ 2,702,892	\$ 107,161	\$ (435)	\$ (37,315)	\$ 3,011,580
Adjustments necessary to convert the results of operations on a budgetary basis to a GAAP basis are:								
Revenues are recorded when earned (GAAP) as opposed to when cash is received (budgetary)	18,833	102	(8,972)	(3,121,589)	(5,004)	9,870	(322)	(3,107,082)
Expenditures are recorded when the liability is incurred (GAAP) as opposed to when payment is made (budgetary)	<u>194,084</u>	<u>(4,962)</u>	<u>2</u>	<u>355,000</u>	<u>473</u>	<u>(121,087)</u>	<u>2,859</u>	<u>426,369</u>
Net change in fund balances (GAAP basis)	<u>\$ 433,247</u>	<u>\$ 1,378</u>	<u>\$ 3,739</u>	<u>\$ (63,697)</u>	<u>\$ 102,630</u>	<u>\$ (111,652)</u>	<u>\$ (34,778)</u>	<u>\$ 330,867</u>

Infrastructure - Modified Reporting Condition Rating of the State's Highways and Bridges

Roads

	Average Pavement Quality Index (PQI)		
	<u>2007</u>	<u>2006</u>	<u>2005</u>
Interstate Roads (including Rest Areas and Weigh Stations)	83%	84%	83%
NHS Roads - Non-Interstate (including Rest Areas and Weigh Stations)	82%	81%	81%
Non-NHS Roads	79%	76%	77%

The condition of road pavement is measured using a pavement quality index (PQI), which is based on a weighted average of three distress factors found in pavement surfaces. The PQI uses a measurement scale that is based on a condition index ranging from zero for a failed pavement to 100 for a pavement in perfect condition. The condition index is used to classify roads in excellent condition (90-100), good condition (80-89), fair condition (70-79), and poor condition (less than 70).

It is the State's policy to maintain Interstate and NHS Non-Interstate roads at an average PQI of 75 and Non-NHS roads at an average PQI of 65. Condition assessments are determined on an annual basis for Interstates and on a biennial basis for other roads. The ratings provided are based on data gathered during the summer (July and August) of the corresponding fiscal year. The data are evaluated and compared to standard criteria by the end of the fiscal year.

Bridges

	Average Sufficiency Rating		
	<u>2007</u>	<u>2006</u>	<u>2005</u>
Interstate Bridges	90.4%	90.6%	91.0%
NHS Bridges - Non-Interstate	90.4%	90.3%	90.8%
Non-NHS Bridges	88.3%	87.8%	88.3%

The condition of the State's bridges is measured based on a sufficiency rating, which is based on a weighted average of four factors indicative of a bridge's sufficiency to remain in service. The sufficiency rating uses a measurement scale that ranges from zero for an entirely insufficient or deficient bridge to 100 for an entirely sufficient bridge. The sufficiency rating is used to classify bridges in excellent condition (90-100), good condition (80-89), fair condition (70-79), marginal condition (60-69), and poor condition (below 60). It is the State's policy to maintain Interstate bridges at a minimum sufficiency rating of 87%, NHS Non-Interstate bridges at 85%, and Non-NHS bridges at 83%. Sufficiency ratings are determined at least on a biennial basis for all bridges. Sufficiency ratings are determined more frequently for certain bridges depending on their design.

Infrastructure - Modified Reporting
Comparison of Needed-to-Actual Maintenance/Preservation
(dollars in thousands)

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Roads					
Interstate Roads (including Rest Areas and Weigh Stations):					
Needed	\$ 212,485	\$ 105,267	\$ 151,999	\$ 194,098	\$ 113,469
Actual	248,803	126,361	140,667	253,555	167,472
NHS and Non-NHS Roads - Non-Interstate (including Rest Areas and Weigh Stations)					
Needed	145,720	234,789	230,453	256,681	248,920
Actual	297,223	413,557	376,969	415,019	392,470
Roads at State Institutions and Properties					
Needed	2,529	1,173	2,903	2,689	4,000
Actual	3,069	4,496	5,595	4,381	6,044
Total					
Needed	360,734	341,229	385,355	453,468	366,389
Actual	549,095	544,414	523,231	672,955	565,986
Bridges					
Interstate Bridges					
Needed	\$ 37,157	\$ 5,749	\$ 39,166	\$ 19,946	\$ 11,220
Actual	37,070	29,520	23,863	28,723	36,736
NHS Bridges - Non-Interstate					
Needed	10,220	31,943	2,021	26,411	25,618
Actual	14,154	11,459	1,282	7,766	12,324
Non-NHS Bridges					
Needed	31,549	44,859	32,597	34,929	44,659
Actual	35,118	31,145	61,271	73,356	60,314
Bridges at State Institutions and Properties					
Needed	-	-	164	926	-
Actual	-	-	796	702	-
Total					
Needed	78,926	82,551	73,948	82,212	81,497
Actual	86,342	72,124	87,212	110,547	109,374

